

# 2005 Executive Proposed Budget

## 2005 BUDGET ASSUMPTIONS

**Certain broad assumptions are determined which establish a basic foundation for building a budget. These general assumptions provide a framework to County staff, the County Executive and the County Board of Supervisors for setting priorities, determining service levels and allocating limited financial resources.**

The following general assumptions are used in guiding the development of the County's 2005 budget.

- Overall inflation factor estimated for costs to continue existing services is projected for 2005 at a range from 1.8% to 2.8% depending upon the particular service or commodity. The major exceptions include cost increases for energy, health insurance, prescription drugs and contributions to the Wisconsin Retirement system for protective service employees.
- The County Executive established as a goal for his proposed budget to manage a levy rate decrease, and a general tax levy increase limited to the new construction value growth in the county for 2004 which is 2.36%, excluding the levy required for the new shared dispatch services Communication Center operations and the countywide Hazardous Materials Response Contract. The new Communication Center operations requires full year levy funding of \$3,437,593 which is \$1,298,633 above the base 2004 budgeted levy amount and the Hazardous Materials Contract adds \$140,000 to last year's total general tax levy.
- Within the 2.36% target, the 2005 budget also includes a \$1.2 million general levy increase for a partial year impact of the County Jail expansion. This includes a partial year impact of \$880,000 for Sheriff daily operations and \$315,000 for Public Works utilities and maintenance costs assuming an October, 2005 opening.
- A 6% average health insurance premium increase and a 5% increase in Wisconsin Retirement contributions make a 2.36% levy increase goal challenging.
- The proposed budget decreases the tax levy rate for the 15<sup>th</sup> consecutive year as a combination of limiting discretionary expenditures and tax base increase of 9.03% results in a ten cent decrease in the levy rate from \$2.21 to \$2.11 per \$1,000 of property value. The general County tax levy increases about \$1.9 million, excluding the additional tax levy needed for shared services (Communication Center dispatch operations and countywide Hazardous Material Response Contract), as allowed by the 2003 State legislative proposed levy freeze.
- Due to the State's fiscal crisis, the County anticipated State funding reductions and caps on grant funded mandates, which will have to be absorbed. State shared revenue for mandate relief was eliminated in 2004.
- The largest state discretionary funding source, Basic County Allocation (BCA) of \$ 11.4 million to Health and Human Service programs, will provide no increase to offset higher costs to continue existing service levels, which will result in a tax levy need of over \$600,000. The State Court Support Grant is not expected to increase, resulting in additional levy need of over \$100,000 to run the State Circuit Court system.
- Register of Deeds charges for service revenues increase \$321,700 based on estimated trends of recording volume and property value increases. Revenues generated in excess of associated operating expenditures are estimated to increase \$227,000 from 2004. This increase is used to reduce general government tax levy funding requirements.
- An increase in Investment income of \$100,000 is estimated for 2005 based upon two increases to the Federal Funds rate and expectations of further increases.
- Debt borrowing costs are estimated to be about 5% on \$14.4 million planned (based on the capital plan) ten year 2005 issue. The levy effort to fund the Capital budget will be slightly lower at 24.4% at \$4.8 million, however, fund balance appropriations of \$5.85 million are to be applied. Due to prepayment of the 1997 note in early 2004, the Debt Service budget requirement is estimated to be reduced by \$545,000.
- The End User Technology Support fund continues to cover the total cost of personnel computer ownership including e-government web-based initiatives, network infrastructure equipment and support costs. Charges back to end user departments has been phased in beginning in 2001 (currently at 71% of full cost going to 76% of full cost in 2005). The Departments impact to their budget target was limited to no greater than 3% more than their 2004 End User charge.
- Energy costs are estimated to rise faster than the rate of inflation. Natural gas to heat county facilities is expected to increase 10% and electricity is projected to rise by 5% to 7% resulting in higher budget costs of over \$100,000